

Message Text

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46

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 EA-11 ADP-00 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 SAL-01 SS-14 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07

OPIC-12 LAB-06 SIL-01 L-03 H-02 DODE-00 PA-03 USIA-12

PRS-01 T-03 RSR-01 /191 W
----- 050870

R 141420 Z MAR 73
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 3476
INFO AMEMBASSY BEIRUT
AMCONSUL DHAHRAN
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TRIPOLI
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

C O N F I D E N T I A L JIDDA 1059

PARIS FOR OECD

E. O. 11652: GDS
TAGS: EFIN, SA
SUBJECT: SAMA GOVERNOR: NO SPECULATION

REF: JIDDA 0942

1. GOVERNOR ANWAR ALI IN PERSON HAS NOW CONFIRMED THAT
THE SAUDI ARABIAN MONETARY AGENCY DID NOT RPT NOT ENGAGE
IN ANY SPECULATIVE ACTIVITIES WHATSOEVER DURING THE
CURRENT MONETARY CRISES. HE HAS STATED THIS FLATLY BOTH
TO A GROUP OF BRITISH JOURNALISTS AND SEPARATELY TO
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EMBASSY ECONOMIC COUNSELOR. HE INFERRED TO THE LATTER THAT HE WAS QUITE AWARE OF THE SPECULATING ACTIVITIES OF OTHER GULF GOVERNMENTS, PARTICULARLY KUWAIT. HE NOTED THAT HE WAS PERSONALLY IDENTIFIED WITH THIS POLICY OF NOT SPECULATIVE TRANSFERS OF SAG DEPOSITS. HE SAID THAT THE THEORETICAL LOSSES SUFFERED COULD BE CAUSE FOR SOME CRITICISM OF HIM BY OTHER MEMBERS OF SAG, BUT HE SEEMED RELAXED ABOUT THIS FACTOR. (HOWEVER, THERE HAS BEEN RECURRENCE OF RUMOR AMONG WESTERN BANKING SOURCES THAT HE WOULD SOON BE DEPARTING FROM HIS 15- YEAR TENURE.)

2. SAMA HEAD OF FOREIGN EXCHANGE DEPARTMENT ABDUL LATIF WAS SENT TO LONDON DURING THE CURRENT CRISIES. THIS PROBABLY WAS IN ORDER TO KEEP SAMA INFORMED AND AS A HELP IN DETERMINING ITS OWN VALUATION POLICIES. MARKET RUMORS CONTINUE THAT SAG MAY ALSO CHOOSE TO FLOAT THE RIYAL BUT GOVERNOR IS KEEPING THIS ONE CLOSE TO HIS CHEST. IT WOULD BE CHARACTERISTIC FOR HIM TO WAIT AND SEE WHAT ACTUALLY HAPPENS TO EUROPEAN AND JAPANESE CURRENCIES BEFORE MAKING ANY MOVE.

3. GOVERNOR ALI REMAINS UNCERTAIN AS TO WHETHER OR NOT HE WILL ATTEND DELAYED MEETING DEPUTIES OF TWENTY NOW SCHEDULED AS WE UNDERSTAND IT FOR MARCH 21 IN WASHINGTON. THACHER

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*** Current Classification *** CONFIDENTIAL

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Subject: SAMA GOVERNOR: NO SPECULATION
TAGS: EFIN, SA
To: BEIRUT
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KUWAIT
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SECSTATE WASHDC

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